



PHILIP L. BROWNING
Director

SHERYL L. SPILLER
Chief Deputy

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

June 15, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

19 JUNE 15, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

RECOMMENDATION TO EXECUTE AN AMENDMENT WITH K-STEP MONTESSORI, INC. FOR THE PAYMENT OF SPACE COSTS TO THE DEPARTMENT OF PUBLIC SOCIAL SERVICES SO THAT CHILDREN IN THE COMMUNITY CAN BE ENROLLED AT THE TELSTAR CHILD CARE CENTER

SUBJECT

Board approval is requested to delegate authority to the Director of the Department of Public Social Services (DPSS) to execute an amendment with K-Step Montessori, Inc., for the payment of space costs to DPSS to enroll a designated number of community children at the El Monte Telstar Child Care Center. Approval of this recommendation will have a positive impact on the County as the El Monte Telstar Child Care Center can remain viable, ensuring that children enrolled in the Center are not displaced, and that quality, on-site child care remains available so that children of County employees, CalWORKs families, and children in the community may continue to have child care readily accessible.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of DPSS to develop and execute an Amendment with K-Step Montessori, Inc., substantially similar to Attachment, to accept space cost payments from K-Step Montessori, Inc. to enroll a designated number of community children at the DPSS El Monte Telstar Child Care Center. The operator will be charged monthly for community children enrolled at the Center based on the most recent quarterly space cost calculation. The Amendment is effective June 15, 2010 or the date of execution by the Director of DPSS, whichever is later, and shall continue through the term of the existing Agreement on September 30, 2011.
2. Delegate authority to the Director of DPSS to prepare and execute amendments to the existing Child Care Center Services Agreements for Contractors who operate the DPSS Child Care Centers,

to provide space cost payments to DPSS to enroll a designated number of community children, as necessary for the centers to remain viable.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On September 19, 2006, your Board approved an Agreement between DPSS and K-Step Montessori, Inc., to provide child care services to children of employees from DPSS, the Departments of Public Health (DPH) and Children and Family Services (DCFS), and CalWORKs participants at DPSS' El Monte Annex and El Monte Telstar Child Care Centers. This Agreement expires on September 30, 2011.

The El Monte Telstar Child Care Center is located at 9320 Telstar Avenue, El Monte, California 91731. Since the El Monte Telstar Child Care Center's opening on January 24, 2005 until recently, enrollment had been stable. Because of the economic downturn, the operator is experiencing difficulty with enrollment. The El Monte Annex Child Care Center continues to do well with its enrollment.

DPSS is subject to State claiming rules which limit the reimbursement of child care center expenditures to costs incurred for the children of CalWORKs families and the children of County employees housed at the facility. At the El Monte Telstar Child Care Center, this includes children of DPSS, DPH and DCFS employees. In light of this claiming rule, K-Step Montessori, Inc., is agreeable to pay DPSS the calculated space costs per child, per month, for the children who would otherwise be ineligible to utilize the center, in order to fill vacant child care slots with community children to ensure that the center remains viable.

The operator receives funding from Los Angeles Universal Preschool (LAUP) which is a program for four-year old children. As this is not a program that considers financial eligibility, all four-year old children at the Center may be eligible for this funding source. As such, the operator will pay space costs using the LAUP funding she receives, as well as, other income generated from child care fees. Space costs fees will not be passed on to the families using the center as child care fees are not changing. DPSS has established an account to bill the operator on a monthly basis, based on the number of community children enrolled in the previous month. Additionally, families from the community who enroll their children at the Center will contribute to payment of the operator's space costs by paying tuition.

With your Board's approval, DPSS will develop and execute an Amendment with K-Step Montessori, Inc., substantially similar to the attached Amendment, to accept space cost payments from K-Step Montessori, Inc., and to enroll a designated number of community children at the El Monte Telstar Child Care Center.

The Chief Executive Office has reviewed this Board Letter and County Counsel has reviewed and approved this Board Letter and attached Amendment as to form.

Implementation of Strategic Plan Goals

The Agreement is consistent with the principles of the Countywide Strategic Plan Goal #1 Operational Effectiveness: To maximize the effectiveness of the County's process, structure, and operations to support timely delivery of customer-oriented and efficient public service; and Strategic Plan Goal #2 Children, Family and Adult Well-Being: To Enrich lives through integrated, cost-effective and client-centered supportive services.

FISCAL IMPACT/FINANCING

Approval of this recommendation changes the Agreement with K-Step Montessori, Inc., from a non-financial Agreement to a financial Agreement as DPSS will accept space cost payments from K-Step Montessori, Inc., to enroll a designated number of community children, as agreed upon by and between DPSS and the Operator, for the center to remain viable. The space cost may be adjusted quarterly according to the monthly facility cost.

Exhibit A details the calculation of space costs for community children, based on monthly facility costs, square footage, size of the County facility, factoring in the size of the child care center and its capacity.

Approval of this Amendment would offset facility costs at the Telstar facility as space costs for community children would not be allowable under the State claiming rules. Space costs per child are calculated based on the cost of the child care space divided by the center capacity.

For example, based on the fourth quarter facility costs for the Telstar facility, space cost per month, per child is \$143.16 (Exhibit A), and assuming 10 child care spaces are filled with community children, this would offset space costs in the amount of \$1,431.60 per month.

Child care fees are paid directly to the Operator by parents whose children are receiving services at the center.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In the current contract, the El Monte Telstar Child Care Center has the capacity to accommodate up to 75 children (15 infant/toddlers, 40 preschoolers and 20 school age) and currently houses staff from DPSS, DPH and DCFS. Currently, there are 56 children at the center.

CONTRACTING PROCESS

Procurement of K-Step Montessori, Inc., to operate the El Monte Telstar Child Care Center was competitively bid via a Request for Proposals released in September 2003. The initial contract term with K-Step Montessori, Inc., was from October 2003 through September 2006. The contract was renewed for a five-year term which will expire on September 30, 2011.

DPSS staff monitors the center on a quarterly basis and the Operator continues to be compliant with all contractual requirements. In addition, DPSS staff reviews Facility Evaluation Reports provided by the California Department of Social Services Community Care Licensing Division (CCLD) to ensure that K-Step Montessori, Inc., is compliant with CCLD regulations.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this recommendation will have a significant positive impact on the County by: 1) Ensuring that children enrolled at the El Monte Telstar Child Care Center are not displaced; 2) Ensuring that quality on-site child care remains available so that children of County employees housed at the facility and CalWORKs families may continue to have child care readily accessible;

and 3) Increasing quality child care opportunities for the community.

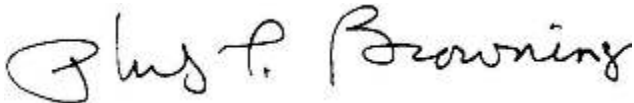
If this recommendation is not approved, it is likely that without the expanded capacity to fill the vacant child care slots, it would not be viable for K-Step Montessori, Inc., to continue operating the Center and thus would request that the contract be terminated.

CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board Letter to the Director of DPSS, and one adopted, stamped copy to:

Office of County Counsel
Attention: David Beaudet
500 West Temple Street, #602
Los Angeles, California 90012

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Philip L. Browning". The signature is written in a cursive, flowing style.

PHILIP L. BROWNING
Director

PLB:nv

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

AMENDMENT NUMBER TWO CHILD CARE CENTER OPERATOR SERVICES CONTRACT



By and Between

COUNTY OF LOS ANGELES
AND
K-STEP MONTESSORI, INC.

Prepared by
Department of Public Social Services
Child Care Program Section
12820 Crossroads Parkway South
City of Industry, California 91746-3411

June 2010

**AMENDMENT NUMBER TWO
TO THE CHILD CARE SERVICES CONTRACT FOR THE TELSTAR FACILITY**

Reference is being made to the document entitled, "Child Care Center Operator Services Contract By and Between County of Los Angeles and K-Step Montessori, Inc.," located at 9320 Telstar Avenue, El Monte, California 91731 dated September 1, 2006 and further identified as County Contract Number BPP-SSS-01 (hereinafter referred to as "Contract").

Effective June 15, 2010, the Contract is amended as follows:

1. SECTION IV – **COMPENSATION** is deleted in its entirety and replaced with the following:

Contractor shall pay County for a designated number of child care slots, as agreed to by and between Contractor and DPSS. The cost per child care slot will be based on the most current space cost, per child for the El Monte Telstar Child Care Center. The methodology used to determine the space cost is reflected in Exhibit A.

COUNTY shall have no obligation to pay Contractor for any services provided under this Contract.

2. Attachment A, Statement of Work, Paragraph 4, Section 4, Contractor Furnished Items, is amended to add subsection 4.4, as follows:

4.4 Space Cost

Contractor shall provide payment to County as specified in Exhibit A, per child per month, to enroll a designated number of community children, for the term of the contract ending September 30, 2011.

Contractor shall only be required to pay County for child care slots utilized by community children. The space cost per child may be adjusted quarterly according to the facility cost, as specified in Exhibit A. Contractor will be notified by the DPSS Contract Manager in advance, when adjustments are made.

For example, if Contractor enrolls and provides child care services to 10 community children in July and only eight community children in August, Contractor shall provide payment to DPSS for ten community children for July and provide payment for eight community children for August.

3. 5.4 Attachment A Statement of Work, Section 5, Specific Tasks, is amended to add paragraph (E) to subsection 5.4.1, as follows:

(E) Include the number of community children enrolled and disenrolled on a monthly basis.

Exhibit A, Space Cost Worksheet, which is attached to this amendment and incorporated by reference, is added to the Contract.

All other terms and conditions remain in full force and effect.

The parties have caused this Amendment Number Two to be executed on the

_____ day of _____, 2010

COUNTY OF LOS ANGELES

By _____
Philip L. Browning, Director
Department of Public Social Services

Date

K-STEP MONTESSORI, INC.

By _____
Zafira Firdosy
K-Step Montessori, Inc.

Date

APPROVED AS TO FORM

ANDREA SHERIDAN ORDIN
County Counsel

By _____
Deputy County Counsel

Date

SPACE COST WORKSHEET

TELSTAR CHILD CARE CENTER
9320 Telstar Ave.
El Monte, California 91731

Monthly Facility Cost	Monthly Security Cost	Total Monthly Facility Cost	Total Parking Spaces	Cost for Parking Spaces	Adjusted Building Monthly Cost	Building Square Footage	*Adjusted Cost Per Square Foot	Child Care Center Square Footage	Child Care Center Monthly Space Cost	Child Care Capacity	Monthly Space Cost Per Child
A	B	C = (A+B)	D	E=(DX50)	F=C-E	G	H=F/G	I	J=HXI	L	M=J/L
\$112,907	0	\$112,907	197	\$9,850	\$103,057	66,416	\$1.55	6,927	\$10,736.85	75	\$143.16

As of the fourth quarter 2009, monthly space cost per child is \$143.16. K-Step Montessori, Inc., shall provide payment to DPSS each month to enroll community children through the term of the contract ending September 30, 2011. K-Step Montessori is only obligated to provide payment for slots that are utilized by community children.